

FILED

Date _____

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Comm. Amdt. _____

AMENDMENT NO. _____

Signature of Sponsor

AMEND Senate Bill No. 106*

House Bill No. 201

by adding the following new subsection to SECTION 2:

(5) by adding the following new subdivision (6), which shall read as follows:

(6) "Energy distribution system" shall mean a system for the distribution of natural gas or electric power that is owned and/or operated by a municipality or any board or agency thereof.

AND FURTHER AMEND by adding the following new section as Section 6 and renumbering the remaining sections accordingly:

SECTION 6. Tennessee Code Annotated, Section 7-39-301(c), is amended by deleting the first sentence thereof and substituting instead the following:

If the corporation is formed by a board, commission or other instrumentality of a municipality having jurisdiction, control and management of an energy distribution system as provided in SECTION 7-39-102(4) and 7-39-201, the directors shall be appointed by the creating board, commission or instrumentality, or its successor, unless it waives its right to do so, and , if such waiver occurs or the corporation is formed by the body in which the general legislative powers of the municipality are vested, the directors shall be nominated by the mayor or other chief executive officer and elected by the governing body of the associated municipality. Directors shall be elected so that they shall hold office for staggered terms.

AND FURTHER AMEND by adding the following new section immediately prior to current SECTION 8 and renumbering all the remaining sections accordingly:

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SECTION _____. Tennessee Code Annotated, Section 7-39-302(a), is amended
by deleting current subsection (7) and substituting instead the following:

As security for the payment of principal of and interest on any bonds or
notes so issued, and any agreements made in connection therewith, and as
security for the obligations of the corporation in connection with the acquisition of
supplies of natural gas or electric power by purchase from producers, distributors
or others, grant liens upon or otherwise encumber any or all of its property and
assets, whether then owned or thereafter acquired, and pledge the revenues and
receipts therefrom, or from any part thereof, and assign and pledge all or any
part of its interest in and rights under any leases, sale contracts or other
contracts relating thereto, so long as assets are not pledged or encumbered to
secure bonds, notes or obligations for the acquisition of electrical power and
electric assets are not pledged or encumbered to secure bonds, notes or
obligations for the acquisition of natural gas and natural gas substitutes.

AND FURTHER AMEND SECTION 11 by striking the period thereof and inserting the following
additional language:

and by deleting the words “the governing body” and substituting instead the words “the
legislative body”.

AND FURTHER AMEND by deleting current SECTION 12 in its entirety and substituting in lieu
thereof the following:

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SECTION _____. Tennessee Code Annotated, Section 7-39-304, is amended by deleting subsection (a) in its entirety and by substituting instead the following:

(a) Any associated municipality or any municipally-owned energy distribution system acting with the approval of the governing body of its associated municipality is hereby authorized and empowered to:

(i) make loans to its energy acquisition corporation;

(ii) guarantee the payment of the principal of and the interest on any bonds or notes issued by such corporation;

(iii) pledge the revenues of its energy distribution system to the payment of the principal of and the interest on any bonds and notes issued by such corporation; and

(iv) pledge the revenues of its energy distribution system to the payment of obligations incurred in connection with the purchase of gas or electric power, as appropriate, by the corporation. Any such loan, or payment under such guarantee or pledge, shall be made solely out of the funds otherwise available to the energy distribution system for the benefit of which the bonds or notes were issued or the obligations were incurred and shall not be a general obligation of the associated municipality. Any loan, guarantee or pledge of revenues shall be subject to any contractual limitations undertaken by the associated municipality or energy

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distribution system for the incurrence of indebtedness or the lending of its credit to others.

AND FURTHER AMEND by inserting the following new sections immediately prior to the current SECTION 19 and renumbering the remaining sections accordingly:

SECTION _____. Tennessee Code Annotated, Section 7-39-312, is amended by deleting from subdivision (1) the following:

“§ 7-39-302(b) and”

SECTION _____. Tennessee Code Annotated, Section 7-39-312(3)(B), is amended by deleting the words:

“including a contact”

SECTION _____. Tennessee Code Annotated, Section 7-39-312(3), is amended by adding a new paragraph (D) as follows:

(D) Such corporation may enter into contracts or agreements, including but not limited to contracts or agreements relating to the issuance of bonds for the benefit of all of its associated municipalities or for any one (1) or more but less than all of its associated municipalities.

SECTION _____. Tennessee Code Annotated, Section 7-39-312, is amended by adding the following new subdivision (4):

(4) An energy acquisition corporation incorporated and operating under the provisions of subdivision (2) of this section may be joined by any one (1) or more municipalities, each of which shall be deemed to be an “associated

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municipality” for purposes of this chapter, and all provisions of this chapter shall, as nearly as may be practical, be made applicable to such corporation and each such associated municipality, subject to the requirements of SECTIONS 7-39-312(2) and 7-39-312(3) and subject to the following:

(1) each municipality seeking to become an “associated municipality” of such corporation must make application in writing to the board of directors of such corporation to become an “associated municipality”, following approval of such application by the governing body of each such municipality; and

(2) the board of directors of such corporation must approve the application of such municipality to become an “associated municipality” of such corporation.

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